



***United States Attorney
Southern District of New York***

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**U.S. CHARGES OWNER OF YONKERS REAL ESTATE AGENCY WITH
CONSPIRING TO DEFRAUD HUD TO OBTAIN FEDERAL HOUSING BENEFITS**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced today the filing in White Plains federal court of a four-count Indictment charging CELESTE PIEXOTO, the owner of Zeca Realty, a real estate sales and services company based in Yonkers, New York, with conspiracy, theft of public money, and false statements charges, in connection with her participation in a scheme to defraud the United States Department of Housing and Urban Development ("HUD") and the Yonkers Municipal Housing Authority ("YMHA").

HUD provides federal housing benefits to certain low-income individuals through a rental assistance program ("the Section 8 Program"). To qualify for these benefits, an applicant must establish that: (a) his or her income falls below a certain threshold, and (b) he or she is, in fact, paying monthly rent to a landlord for the residential use of the landlord's property. Once

an applicant is approved for participation in the Section 8 Program, federal monies in the form of monthly rent subsidies are paid by check directly to the participant's landlord. In Yonkers, the Section 8 Program is administered for HUD by YMHA.

According to the Indictment, from 1995 through 2002, PIEXOTO engaged in a scheme to defraud HUD and YMHA by persuading clients to purchase houses in Yonkers which they could not otherwise afford, and to finance the purchase of these homes by fraudulently applying for and receiving federal housing benefits to which they were not entitled. According to the Indictment, PIEXOTO and her co-conspirators created and used false documents such as sham leases and fake real estate deeds to fraudulently obtain federal monies from YMHA under HUD's Section 8 Program. Among other monies that she received in connection with the conspiracy, according to the Indictment, PIEXOTO earned real estate broker's commissions on transactions which were financed with fraudulently obtained federal benefits.

According to the Indictment, PIEXOTO advised her clients how to deceive YMHA by making it appear that they (or their surrogates) were renting the property from a third-party landlord, when in fact no such rental relationship existed. According to the Indictment, PIEXOTO and her co-conspirators would receive and cash fraudulently obtained Section 8 Program checks sent by YMHA in the name of a sham landlord. The Indictment provides examples of three

real estate deals in Yonkers in which PIEXOTO and her co-conspirators defrauded YMHA to obtain Section 8 Program benefits to which they were not entitled.

The Indictment further charges that PIEXOTO lied to a federal agent about her involvement in the conspiracy. According to the Indictment, PIEXOTO was interviewed by a federal agent on July 11, 2002 and, during the interview, denied her role in one of the real estate deals described in the Indictment.

PIEXOTO, 58, who lives in Yonkers, is scheduled to be arraigned on these charges in White Plains federal court on Wednesday, August 13, 2003, at 9:00 A.M.

If convicted, PIEXOTO faces a maximum sentence of five years in prison and a \$250,000 fine, or twice the gross gain or loss resulting from the crime on the conspiracy and false statements counts; and a maximum sentence of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss resulting from the crime, on the theft of public money counts.

Mr. COMEY thanked the Department of Housing and Urban Development and the Yonkers Municipal Housing Authority for their assistance in the investigation.

Assistant United States Attorney JONATHAN LEIKEN is in charge of the prosecution.

The charges contained in the Indictment are merely

accusations, and the defendant is presumed innocent unless and until proven guilty.

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